

310 CMR 7.74: Reducing CO₂ Emissions from Electricity Generating Facilities

Stakeholder Discussion Document: Allowance Auctions

The Executive Office of Energy and Environmental Affairs (EEA) and the Massachusetts Department of Environmental Protection (MassDEP) are seeking stakeholder input on implementation of emissions allowance auctions pursuant to 310 CMR 7.74: *Reducing CO₂ Emissions from Electricity Generating Facilities*, which was finalized on August 11, 2017. Beginning with compliance year 2019, the regulation requires auctioning of the emissions allowances that facilities must use to comply with the regulation. Additional information about 310 CMR 7.74 is available at the following web address:

<http://www.mass.gov/eea/agencies/massdep/climate-energy/climate/ghg/electricity-generator-emissions-limits.html>

The Response to Comment (RTC) document published with the final regulation includes the following schedule for auction planning:

- **2017:** Complete an analysis of various auction design parameters, such as auction timing, reserve price, eligibility, etc.
- **2018:** Publish final auction documents, including bidder requirements and instructions, a draft auction notice, etc., and, as necessary, propose and finalize amendments to 310 CMR 7.74.

The purpose of this discussion document is to solicit stakeholder input on auction design parameters. Specifically, the RTC identified a number of questions that EEA and MassDEP plan to consider in outlining the particular details of the mechanics for the allowance auctions. EEA and MassDEP are interested in hearing from stakeholders on the following questions:

- Are there additional special considerations that should be taken into account for an auction of this type occurring in a single state?
- When and how often should allowance auctions occur?
- Other than regulated power plants, should any other entities be allowed to purchase allowances?
- Should there be a minimum reserve price, and, if so, what should it be?
- What limits should there be on the number of allowances that can be purchased by a single bidder?
- Is there a need to protect certain information about auction bids or results from public release?
- Are there any particular design elements that should be considered because of the number of regulated facilities and facility owners?

Stakeholders need not limit input to the questions listed above and, as suggested in the RTC, may wish to review auction-related documents that are utilized for the Regional Greenhouse Gas Initiative (RGGI) auctions to identify other potential areas for comment. However, the procurement of auction

administration and market monitoring services, and questions related to the use of auction proceeds, are beyond the scope of this stakeholder process.

Stakeholders who wish to provide input on auction design parameters may:

- Provide initial input on auction design parameters by submitting written comments to climate.strategies@state.ma.us by October 16, 2017. Initial input will be used to refine questions and assist in planning for a late October stakeholder meeting.
- Attend a stakeholder meeting in late October to discuss auction design parameters. (Sign up below to receive further information about this meeting.)
- Provide input on auction design parameters by submitting written comments to climate.strategies@state.ma.us by November 15, 2017. This input will be used to inform auction design activities planned for 2018. Such activities may include additional opportunities to provide input.

If you wish to receive further emails about this stakeholder process, including meeting announcements, please provide your contact information at the following link:

<https://www.surveymonkey.com/r/C22Z6YR>

Questions may be directed at any time to climate.strategies@state.ma.us or william.space@state.ma.us.